

March 9, 2012

Members of the Board Finance Committee

Don Lowery, Chair
Mark Hinrichs
Donna Manering
Marquita Wiley

Dear Members of the Finance Committee:

There will be a meeting of the Finance Committee immediately following the Audit Committee on Thursday, March 22, 2012, in Ballroom B of the Student Center, Southern Illinois University Carbondale, Carbondale, IL.

Tuition and fee proposals will be presented at this meeting. A summary of the proposed increases is enclosed.

The following items have been suggested for the agenda:

1. Approval of Minutes of the December 8, 2011, meeting (enclosure).

2. SIUC Notice Items:

Notice of Proposed Increase: Campus Recreation Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item H).

Notice of Proposed Increase: Facilities Maintenance Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item I).

Notice of Proposed Increase: Flight Training Charges, SIUC [Amendment to 4 Policies of the Board Appendix A-4] (Board Agenda Item J).

Notice of Proposed Increase: Intercollegiate Athletic Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item K).

Notice of Proposed Increase: Residence Hall Rates and Apartment Rentals, SIUC [Amendment to 4 Policies of the Board Appendix A-18] (Board Agenda Item L).

Notice of Proposed Increase: Student Activity Fee, SIUC [Amendments to 4 Policies of the Board Appendix A-6 and A-11] (Board Agenda Item M).

Notice of Proposed Increase: Student Center Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item N).

Notice of Proposed Increase in Student Medical Benefit (SMB): Student Insurance Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item O).

Notice of Proposed Increase: Student Recreation Fee, SIUC [Amendment to 4 Policies of the Board Appendix A-6] (Board Agenda Item P).

3. SIUE Notice Items:

Notice of Proposed Increase: Athletic Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item Q).

Notice of Proposed Increase: Facilities Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item R).

Notice of Proposed Increase: Information Technology Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item S).

Notice of Proposed Increase: Student Fitness Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item T).

Notice of Proposed Increase: Student Welfare and Activity Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item U).

Notice of Proposed Increase: Textbook Rental Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item V).

Notice of Proposed Increase: University Center Fee, SIUE [Amendment to 4 Policies of the Board Appendix B-4] (Board Agenda Item W).

Notice of Proposed Increase: University Housing Occupancy Fee Rates, SIUE [Amendment to 4 Policies of the Board Appendix B-11] (Board Agenda Item X).

4. Notice of Proposed Tuition Rates for FY 2013 [Amendments to 4 Policies of the Board Appendices A and B] (Board Agenda Item Y).

5. Proposed Revisions to the Board of Trustees Finance Committee Bylaws [Amendment to Article III Bylaws of the Board Section 3] (Board Agenda Item CC).

6. Approval of Purchase: Perkins Loan Servicing for Students, Carbondale Campus, SIUC (Board Agenda Item EE).

7. Approval of Purchase: Flight Training Equipment, Transportation Education Center, Carbondale Campus, SIUC (Board Agenda Item FF).

8. Approval of Appointment of the Assistant Provost and Chief Information Officer, SIUC (Board Agenda Item SS).
9. Approval of Cleaning Contract: University Housing, SIUE (Board Agenda Item VV).
10. Approval of Lease Program: Computer Workstations, SIUE (Board Agenda Item WW).
11. Other business.

Enclosed is the FY 2012 Quarterly Investment Report.

Yours truly,

Duane Stucky
Senior Vice President for Financial and Administrative Affairs
and Board Treasurer

DS/lap

Enclosures

cc: Jeff Harrison
Roger Herrin

Ed Hightower
John Simmons
Glenn Poshard

Rita Cheng
Vaughn Vandegrift
Constituency Heads
Other Interested Parties

BOARD OF TRUSTEES
SOUTHERN ILLINOIS UNIVERSITY

Minutes of the Finance Committee Meeting

December 8, 2011

The Finance Committee met following the Academic Matters Committee in Ballroom B of the Student Center, Southern Illinois University Carbondale, Carbondale, IL. Present were: Don Lowery (Chair), Mark Hinrichs and Donna Manering. Absent was: Marquita Wiley. Other Board members present were: Michelle Hook Dewey, Jeff Harrison, Roger Herrin, Ed Hightower and John Simmons. Executive Officers present were: President Glenn Poshard; Chancellor Rita Cheng, SIUC; Chancellor Vaughn Vandegrift, SIUE; General Counsel Jeffrey McLellan; Vice President for Academic Affairs Paul Sarvela; and Senior Vice President for Financial and Administrative Affairs and Board Treasurer Duane Stucky.

Minutes

Trustee Manering recommended approval of the minutes of the November 10, 2011, meeting as submitted. The motion was seconded by Trustee Hinrichs and passed by the Committee.

Authorization for the Sale of Bonds: “Series 2012A Housing and Auxiliary Facilities System Revenue Bonds” Capital Improvement Project and Refunding of Outstanding Housing and Auxiliary Facilities System Revenue Bonds (Board Agenda Item Z).

Trustee Hinrichs recommended approval of the matter and that it be placed on the Board’s omnibus motion. The motion was duly seconded by Trustee Manering and was passed by the Finance Committee.

Salary Increase Plan for Fiscal Year 2012 (Board Agenda Item AA).

Trustee Hinrichs recommended approval of the matter and that it be placed on the Board’s omnibus motion. The motion was duly seconded by Trustee Manering and was passed by the Finance Committee.

Approval of Purchase: Builders of the University Plaza SIUE (Board Agenda Item BB).

Trustee Manering recommended approval of the matter and that it be placed on the Board’s omnibus motion. The motion was duly seconded by Trustee Hinrichs and was passed by the Finance Committee.

Proposed Revision to the Board of Trustees Purchasing Policy [Amendment to 5 Policies of the Board C] (Board Agenda Item CC).

Trustee Hinrichs recommended approval of the matter and that it be placed on the Board's omnibus motion. The motion was duly seconded by Trustee Manering and was passed by the Finance Committee.

Proposed Revisions to Faculty and Staff Services Policy [Amendment to 2 Policies of the Board B.2] (Board Agenda Item DD).

Trustee Hinrichs recommended approval of the matter and that it be placed on the Board's omnibus motion. The motion was duly seconded by Trustee Manering and was passed by the Finance Committee.

Associate General Counsel Position, General Counsel.

Finance Committee approval was requested on the appointment of Todd Wakeland as an Associate General Counsel effective January 3, 2012, at an annual salary of \$102,000.

Trustee Hinrichs recommended approval. The motion was duly seconded by Trustee Manering and was passed by the Finance Committee.

Other Business.

There being no further business, the meeting was adjourned.

DS/lap

Southern Illinois University Carbondale
FY 2013 Annual Tuition, Fees, and Housing Rates

Summary Table with Proposed Tuition Increase of 4.8%

	Approved FY 12	Proposed FY 13	\$ increase	% increase
Undergraduates (New Entry)				
Tuition ¹ (Fall 2012 Guaranteed)	\$7,794.00	\$8,169.00	\$375.00	4.81%
Student Fees				
S.M.B. Student Health Fee	\$430.00	\$430.00	\$0.00	0.00%
S.M.B. Insurance Fee	626.00	690.00	64.00	10.22%
Student Center	272.00	280.00	8.00	2.94%
Student Recreation	261.60	269.20	7.60	2.91%
Mass Transit	96.00	96.00	0.00	0.00%
Student Activity	72.10	74.80	2.70	3.74%
Campus Recreation	16.58	17.08	0.50	3.02%
Revenue Bond	118.80	118.80	0.00	0.00%
Student Attorney	12.00	12.00	0.00	0.00%
Student to Student Grant	6.00	6.00	0.00	0.00%
Intercollegiate Athletic Fee	584.00	602.00	18.00	3.08%
Student Service Facility	160.00	160.00	0.00	0.00%
Information Technology	148.80	148.80	0.00	0.00%
Facilities Maintenance Fee	420.00	434.00	14.00	3.33%
Green Fee	20.00	20.00	0.00	0.00%
Total Mandatory Fees	\$3,243.88	\$3,358.68	\$114.80	3.54%
Total Undergraduate Tuition & Fees	\$11,037.88	\$11,527.68	\$489.80	4.44%
Res. Hall Room Rate - Shared ⁴	\$5,064.00	\$5,368.00	\$304.00	6.00%
Res Hall Food Rate - 19 Meals ⁴	3,804.00	3,956.00	152.00	4.00%
Total Housing	\$8,868.00	\$9,324.00	\$456.00	5.14%
Total Undergraduate Cost	\$19,905.88	\$20,851.68	\$945.80	4.75%
Graduates				
Tuition	\$8,414.40	\$9,004.80	\$590.40	7.02%
Fees	3,237.88	3,352.68	\$114.80	3.55%
Total Graduate Cost	\$11,652.28	\$12,357.48	\$705.20	6.05%
Physician's Assistants				
Tuition ²	\$27,018.00	\$27,756.00	\$738.00	2.73%
Fees	3,237.88	3,352.68	\$114.80	3.55%
Total Graduate Cost	\$30,255.88	\$31,108.68	\$852.80	2.82%
School of Law				
Tuition ³	\$12,750.00	\$13,642.50	\$892.50	7.00%
Fees	3,237.88	3,352.68	\$114.80	3.55%
Total Law Cost	\$15,987.88	\$16,995.18	\$1,007.30	6.30%
School of Medicine (New Entry)				
Tuition	\$26,446.00	\$27,768.00 *	\$1,322.00	5.00%
Fees	3,396.08	3,510.88	\$114.80	3.38%
Total Medicine Cost	\$29,842.08	\$31,278.88	\$1,436.80	4.81%

*School of Medicine per hour charge based on 21 hours per semester. Annual Rate based on two semesters.

BUSINESS MAJORS⁵				
<u>Undergraduates</u>				
UG Tuition	\$7,794.00	\$8,169.00	\$375.00	4.81%
Surcharge	1,168.50	1,225.50	57.00	4.88%
New Business UG Tuition	\$8,962.50	\$9,394.50	\$432.00	4.82%
Fees	3,243.88	3,358.68	114.80	3.54%
Total UG Business Tuition and Fees	\$12,206.38	\$12,753.18	546.80	4.48%
<u>Graduates</u>				
Grad Student Tuition	\$8,414.40	\$9,004.80	\$590.40	7.02%
Surcharge	1,262.40	1,351.20	88.80	7.03%
New Business Grad Tuition	\$9,676.80	\$10,356.00	\$679.20	7.02%
Fees	3,237.88	3,352.68	114.80	3.55%
Total Grad Business Tuition and Fees	\$12,914.68	\$13,708.68	\$794.00	6.15%

¹ New entering and continuing non-resident tuition is 2.5 times the in-state rate for Undergraduate and Graduate students. New entering non-resident students from KY, IN, MO, TN & AR pay an alternate tuition rate of 1.0 times the in-state rate for Undergraduate and Graduate students (excludes Professional Schools and Physician Assistant Studies). New first-time freshmen from the 34 southern most counties in Illinois who qualify for the Academic Competitiveness Grant will be given an alternate "Southern Stars" tuition rate of 0.8 times the applicable in-state Undergraduate tuition rate.

Beginning Fall 2011, newly entering freshman or transfer Undergraduate students who have parent(s) or legal guardian(s) who are graduates of Southern Illinois University Carbondale will pay an alternate tuition rate of 0.8 times the applicable in-state or out-of-state Undergraduate tuition rate (excludes Professional Schools and Physician Assistant Studies).

² First year students in the Master of Science Degree in Physician Assistant Studies (PA) take 44 credit hours (Fall semester 22 credit hours; Spring semester 22 credit hours) as calculated above. PA rate is \$375.00/uncapped cr hr + Graduate School Tuition (capped at 15 hrs/semester). A one-year Master of Science Completion Program will be offered for a limited time to PA's currently in practice holding Bachelor of Science degrees for a reduced rate of \$207.00 per uncapped credit hour in addition to the Graduate School tuition rate. Non-resident tuition for the PA program is 1.5 times the in-state rate.

³ For FY2013, non-resident tuition for the School of Law will be \$1,173.80 per credit hour.

⁴ Beginning in FY2009, housing calculated actual costs for rooms and actual costs for meals, and established separate rates so that a student may select the room location and meal plan to fit their needs and budget.

⁵ Differential Tuition assessed on all courses taken up to 15 credit hours per semester by all declared business majors. A one-time program fee of one semester's Differential Tuition (15 hrs. max.) is assessed to undergraduate College of Business minors upon entering the Program. The out-of-state surcharge will be calculated on the in-state rate.

Southern Illinois University Edwardsville
FY 2013 Annual Tuition, Fees, and Housing Rates
 Summary Table

	Approved FY 12	Approved FY 13	\$ increase	% inc
<u>Undergraduates (New Entry)</u>				
Tuition (Fall 2012 Guaranteed)	\$6,630.00	\$6,948.00	\$318.00	4.8%
Student Fees				
Intercollegiate Athletics	\$321.70	\$331.40	\$9.70	3.0%
Student Fitness Center	159.60	163.50	3.90	2.4%
Student-To Student Grant	12.00	12.00	0.00	0.0%
Stu. Welfare & Act. Fee	219.90	225.80	5.90	2.7%
Textbook Service	333.00	351.00	18.00	5.4%
University Center	303.90	313.50	9.60	3.2%
Technology Fee	199.50	205.50	6.00	3.0%
Student Success Center	145.20	145.20	0.00	0.0%
Facilities Fee	540.00	555.00	15.00	2.8%
Total Mandatory Fees	\$2,234.80	\$2,302.90	\$68.10	3.0%
Total Undergraduate Tuition & Fees	\$8,864.80	\$9,250.90	\$386.10	4.4%
Res. Hall - Shared	\$5,120.00	\$5,270.00	\$150.00	2.9%
Meal Plan A	2,900.00	2,980.00	80.00	2.8%
Campus Hsg Activity Fee	31.00	31.00	0.00	0.0%
Total Housing	\$8,051.00	\$8,281.00	\$230.00	2.9%
Total Undergraduate Cost	\$16,915.80	\$17,531.90	\$616.10	3.6%
<u>Graduate Students</u>				
Tuition	\$6,312.00	\$6,504.00	\$192.00	3.0%
Fees	1,741.90	1,787.80	45.90	2.6%
Total Graduate Tuition and Fees	\$8,053.90	\$8,291.80	\$237.90	3.0%
<u>School of Dental Medicine</u>				
Tuition	\$26,400.00	\$27,720.00	\$1,320.00	5.0%
Fees	5,255.90	5,301.80	45.90	0.9%
Total Dental Tuition and Fees	\$31,655.90	\$33,021.80	\$1,365.90	4.3%
<u>School of Pharmacy</u>				
Tuition	\$21,250.00	\$22,100.00	\$850.00	4.0%
Fees	2,211.90	2,257.80	45.90	2.1%
Total Pharmacy Tuition and Fees	\$23,461.90	\$24,357.80	\$895.90	3.8%



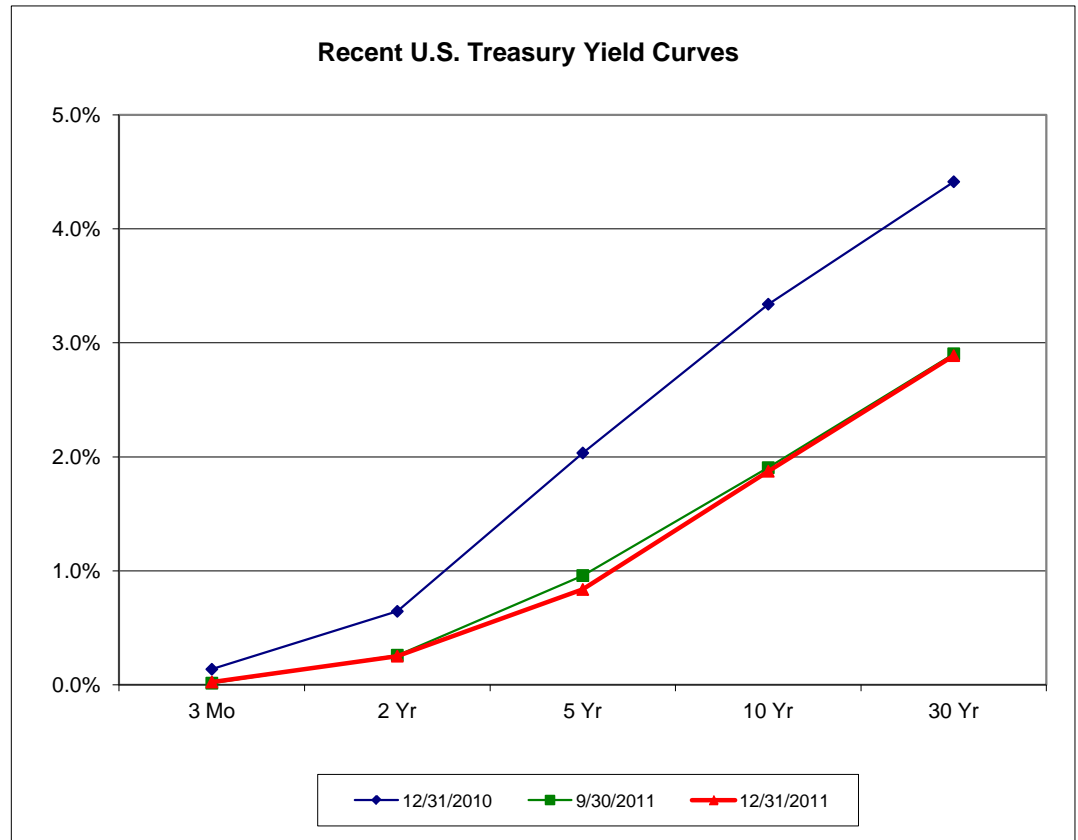
Southern Illinois University

Quarterly Investment Report
December 31, 2011

Performance Analysis

Treasury yields held remarkably steady throughout the 4th Quarter of 2011, at near-record low levels. Only a modest decrease in yield was evident in the 5-year range, between the beginning and the end of the quarter. For the 2011 calendar year, Treasury yields fell substantially throughout the curve, declining from 100 to 150 basis points in the 4 to 30 year range. The 5, 10 and 30-year benchmark maturities finished the year under 1%, 2% and 3%, respectively. Though somewhat flatter than at the beginning of the year, the Treasury yield curve still maintains its upward sloping contour characteristic of the post-credit crisis period. Federal monetary policy to keep short-term interest rates low, coupled with the European sovereign crisis, are holding Treasury yields at anomalously low, flight-to-quality levels.

The relatively stable interest rate environment during the 4th Quarter of 2011 muted any capital gains or losses, rendering SIU's portfolio more dependent upon current income for return. For the quarter, the combined portfolio returned 0.24%, which compares to a 1.23% 3rd quarter return bolstered by capital gains. This quarter's 0.24% total portfolio return is slightly below the 0.26% weighted benchmark return. The Western Asset Management ("WAM") Intermediate Fund posted a return of 0.58% for the quarter (2.31% annualized), composed of 0.45% in current income return (after fees) and only 0.13% in net capital gain return. A moderate capital loss in October was more than offset by moderate capital gains in November and December. The portfolio's 0.58% quarterly return falls about 11 basis points short of the 0.69% benchmark return (Barclays Capital U.S. Govt. Intermediate Index). It will be difficult for WAM to outperform this benchmark on an "after cost" basis when fees compose such a high % of the current return in this low interest rate environment. SIU posted a very modest 0.02% quarterly return on the Illinois Funds, slightly above the money market benchmark return of 0.00% in this very low short-term interest rate environment. This 0.0167% quarterly return equates to an annual return of only 0.0663%, or about 6.5 basis points on SIU's liquid funds. This is up from 3.5 basis points in the previous quarter. Approximately 63% of SIU's operating funds is currently invested in the Illinois Funds due to an increase in liquid fund balances over previous quarters.



Operating Investments

Operating Investment Position

Investment Balance

Market Value (\$ in millions)

	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011
State Treasury Fund- Money Market	\$ 73.2	\$ 150.2	\$ 90.1	\$ 153.4	\$ 178.9
Western Asset - Intermediate Portfolio	98.2	98.2	100.1	102.9	103.5
Total Portfolio	<u>\$ 171.4</u>	<u>\$ 248.4</u>	<u>\$ 190.2</u>	<u>\$ 256.3</u>	<u>\$ 282.4</u>
Due from State	142.8	130.3	98.7	95.8	70.0
Total Portfolio including Due from State	<u>\$ 314.2</u>	<u>\$ 378.7</u>	<u>\$ 288.9</u>	<u>\$ 352.1</u>	<u>\$ 352.4</u>

Market Value Change (\$ in millions)

	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011
Beginning Market Value	\$ 222.9	\$ 171.4	\$ 248.4	\$ 190.2	\$ 256.3
Deposits (Withdrawals)	(50.0)	76.9	(60.1)	63.4	25.5
Interest Income, Net of Fees	0.5	0.5	0.5	0.4	0.5
Realized Gain (Loss)	0.2	(0.2)	0.1	0.1	0.0
Unrealized Gain (Loss)	(2.2)	(0.2)	1.3	2.2	0.1
Ending Market Value	<u>\$ 171.4</u>	<u>\$ 248.4</u>	<u>\$ 190.2</u>	<u>\$ 256.3</u>	<u>\$ 282.4</u>

Operating Performance

Quarterly Performance

State Treasury Fund Rate of Return	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011
State Treasury Portfolio	0.04%	0.02%	0.01%	0.01%	0.02%
Benchmark: Ready Assets Prime MMF	0.00%	0.00%	0.00%	0.00%	0.00%
Intermediate Portfolio Rate of Return	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011
Western Asset Intermediate Portfolio	-1.48%	0.07%	1.94%	2.83%	0.58%
Benchmark: Barclays Capital Int U.S. Govt	-1.55%	0.02%	2.08%	3.19%	0.69%
Total Fund Rate of Return	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011
Total Portfolio	-0.78%	0.04%	0.83%	1.23%	0.24%
Total Benchmark	-0.92%	0.01%	0.86%	1.50%	0.26%

Historical Annual Performance

Total Fund Rate of Return	FY 2008	FY2009	FY2010	FY2011	Fiscal YTD Ending 12/31/2011
Total Portfolio	5.95%	3.80%	3.01%	1.26%	1.42%
Benchmark	6.40%	3.51%	2.97%	1.08%	1.77%

Asset Allocation

Asset Allocation
As of December 31, 2011

	Market Value (in millions)	Allocation Percentage	Target Asset Allocation (in millions)
State Treasury Fund	\$178.9	63%	\$40 Minimum
Western Asset - Intermediate Term Portfolio	103.5	37%	\$65-115
	<u>\$282.4</u>		

Fees

Investment Manager Fees*

	Basis Points As of 9/30/11	12/31/2010	3/31/2011	6/30/2011	9/30/2011	Total
State Treasury Fund- Money Market	8.2	\$20,143	\$32,120	\$26,772	\$25,592	\$104,627
Western Asset - Intermediate Term Portfolio	25.0	<u>\$62,037</u>	<u>\$61,407</u>	<u>\$62,392</u>	<u>\$63,214</u>	<u>\$249,050</u>
Total Investment Manager Fees		<u>\$82,180</u>	<u>\$93,527</u>	<u>\$89,164</u>	<u>\$88,806</u>	<u>\$353,677</u>

Custody Bank Fees*

	12/31/2010	3/31/2011	6/30/2011	9/30/2011	Total
JP Morgan Chase	\$4,774	\$4,838	\$4,821	\$4,875	\$19,308

* Fees for the current quarter were not available at the time this report was prepared. All fees are reflected on an accrual basis.

Capital Investments

Capital Investments Position

Investment Balance

Market Value (\$ in millions)

	12/31/2010	3/31/2011	6/30/2011	9/30/2011	12/31/2011
Housing & Auxiliary Facilities System					
Construction Proceeds	7.4	5.9	3.7	0.5	0.3
Interest Sinking Fund	10.5	20.6	7.7	13.7	10.7
Debt Service Reserve	<u>9.2</u>	<u>9.1</u>	<u>9.2</u>	<u>9.2</u>	<u>9.2</u>
Total HAFS	<u>27.1</u>	<u>35.6</u>	<u>20.6</u>	<u>23.4</u>	<u>20.2</u>
Medical Facilities System					
Construction Proceeds	0.1	0.0	0.0	0.0	0.0
Interest Sinking Fund	0.8	1.2	0.4	0.9	0.9
Debt Service Reserve	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total MFS	<u>0.9</u>	<u>1.2</u>	<u>0.4</u>	<u>0.9</u>	<u>0.9</u>
Certificates of Participation					
Construction Proceeds	0.0	0.0	0.0	0.0	0.0
Interest Sinking Fund	1.0	1.0	1.0	0.5	0.5
Debt Service Reserve	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total COPS	<u>1.0</u>	<u>1.0</u>	<u>1.0</u>	<u>0.5</u>	<u>0.5</u>
 Total Capital Investment Portfolio	 \$ 29.0	 \$ 37.8	 \$ 22.0	 \$ 24.8	 \$ 21.6

Capital Investments are managed internally and are invested in high quality, low risk government securities. The investment maturity, rate of return and type are limited by covenants in the debt financing documents.